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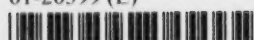
Item 2 of the provisional agenda

UNDP Business Plans, 2000-2003

Update on the UNDP Business Plans, 2000-2003

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I. Introduction

1. In the Business Plans 2000-2003 (DP/2000/8), approved by the Executive Board at its first regular session 2000, I presented a strategy for change and reform of UNDP to respond to the development challenges of the twenty-first century. With the encouragement and support of UNDP Member States, the Business Plans aim at positioning UNDP to make the greatest possible contribution to human development and to poverty eradication, specifically to the 2015 goal of reducing extreme poverty by half.
2. Following the Executive Board's approval of the Business Plans, I established an implementation roadmap identifying the change initiatives to be undertaken in the five areas of the Business Plans. Transformational initiatives were prioritized and costed. The implementation roadmap formed the basis for planning work with priorities cascading down to bureau/unit and country office plans. The planning was integrated with the budget allocation process in order to align human and financial resources with the strategic objectives.
3. During the year, major efforts have gone into rebuilding trust in the mission of UNDP and its role among its stakeholders and staff. Key achievements of the internal change process include changes in corporate leadership, with a cabinet-style Executive Team in place and five new Assistant Administrators appointed, and the introduction of a leaner, more efficient headquarters structure. Central to this is the introduction of a highly focused and field-oriented organization for policy support. In order to improve the performance of UNDP, I have also put in place during the year a coherent system of planning and performance management instruments.
4. Further to the very positive, substantive dialogue on the results of UNDP that took place during the annual session of the Executive Board in June 2000, the Ministerial Meeting on UNDP was convened in September, immediately after the Millennium Summit. Ministers at the meeting gave a clear endorsement of the new direction of UNDP, as envisaged in the Business Plans, with clear recognition of the importance of the role of UNDP in development cooperation and coordination, and the role of partnerships as a necessary and integral part of the work of UNDP. The Ministerial Meeting in particular recognized the seriousness of UNDP's commitment to results, to internal reform and to management performance and excellence at all levels. The outcome of the meeting is discussed in detail in document DP/2001/CRP.3.
5. The sections below contain an account of significant results achieved to date. The annex provides a detailed overview of the key initiatives and the results achieved according to the five priority areas of the Business Plans.

II. Results achieved in 2000

A. Policy

6. The transformation of the Bureau for Development Policy (BDP) is at the core of strengthening the policy capacity of UNDP. The implementation plan approved by the Executive Team in May 2000 presented a comprehensive blueprint for making BDP a service bureau providing world-class practical policy support where

it is most needed — in the field. The transformation of BDP entails considerable streamlining and rationalization of staff roles to produce an operation that is decentralized, networked, hands-on and oriented to service delivery. In 1999, there were 250 headquarters-based staff serving UNDP core development programmes in BDP, the Global Environment Facility (GEF), the Montreal Protocol, the Office to Combat Desertification and Drought (UNSO) and Capacity 21; by the end of 2001, there will be fewer than 120 staff members in BDP at headquarters, with 98 staff redeployed to the field. The interim number of headquarters-based BDP staff as of end September 2000 was 200.

7. The responsibilities of BDP staff have been radically redesigned and an important additional mandate has been added: to provide policy advisory services to the regional bureaux and their country offices. The redeployed Policy Specialist positions are being used to provide policy advisory services to country offices. The concept of subregional resource facilities (SURFs) initiated in the UNDP 2001 change process has been enhanced with the introduction of a guiding body of resident representatives (the SURF Board), policy specialist resources, and a coordinating unit (the present SURF offices where they exist), which, as the SURF Board secretariat, anchors the arrangement.

8. **Key innovations.** BDP is managing the challenge by adopting four modern, innovative management practices to leverage the small pool of policy specialists in the most cost-effective manner:

(a) **Knowledge networks.** The knowledge-networking concept successfully initiated under the SURF system is being strengthened. BDP policy specialists are establishing (or joining existing) external networks of professional peers (including those from United Nations and programme country organizations) and network members can be consulted or contracted to back up team assignments. All UNDP staff are being encouraged to participate in internal knowledge networks, which will continue to strengthen their substantive competencies in core thematic areas, build their collective identities as professional peer groups ("communities of practice,") and share their knowledge and best practices across regions. Currently, over 1,200 UNDP staff members are also members of the network, 80 per cent of whom are field-based;

(b) **Matrix management.** BDP staff providing policy support are accountable to their client cluster in the regional bureau or country office for meeting policy priority needs in a timely, responsive and equitably balanced manner. The need for line units to hire their own specialists will thus be eliminated, improving policy consistency across the organization;

(c) **Team-based support.** The BDP staff have been organized into clusters by thematic disciplines but the actual work they perform is being done in the context of multidisciplinary teams. Flexible, tailor-made teams ensure that all needed perspectives are included when designing UNDP products and services. In the field, teams could include regional project specialists, region-based specialists from local institutions (promoting South-South cooperation) and specialists from United Nations organizations;

(d) **Localized "one-stop shops".** Nine SURFs (plus one "sub-SURF") are to coordinate the delivery of policy support and manage the demand from the cluster of country offices served. Through the SURF mechanism, every Resident

Representative is assured of timely access to high quality professional advice and expertise for the effective implementation of programmes and strategic initiatives.

9. **The global cooperation framework.** The innovations introduced during the transformation are ensuring that BDP has sufficient capacity to implement effectively the second global cooperation framework (GCF), which is being submitted to the Executive Board at its current session. Through the GCF, UNDP will provide policy support, share best practices and experiences, and conduct policy dialogue, applied research and advocacy to help to implement the development priorities approved by the Board. To facilitate and focus resource mobilization, a number of products and service lines will be developed and promoted; this, together with policy support tasks, will form the bulk of the work of the BDP policy specialists.

10. **Sharper policy focus.** As a results-driven development agency gearing itself to contribute maximally within its focus areas, UNDP must be responsive to demands for its services expressed at the country level and must align its resources accordingly. On the basis of the thorough analysis of the evidence collected in the process of preparing the results-oriented annual report (ROAR), it was decided to discontinue policy support in the following fields: education, forestry, health (excluding HIV/AIDS), nutrition, sustainable livelihoods and transport. At the same time, remaining policy support will be more sharply defined on the basis of a continuing analysis of demand and the comparative advantage of UNDP. Over time, this will also become apparent in country-level programming and in the country cooperation frameworks.

B. Partnerships

11. The Business Plans set as its central challenge the transformation of UNDP into a highly networked organization that creates new development opportunities through strategic partnerships. UNDP has taken important steps in moving forward on this agenda over the past year.

12. The Bureau for Resources and Strategic Partnerships (BRSP) was established on 1 January 2000. For the first time, the responsibility for the management of a large number of partnerships is in one location. This has allowed for greater synergy and a more strategic, internally coherent approach in promoting partnerships with United Nations organizations, the Bretton Woods institutions, civil society and the private sector. A resources and strategic partnership group has been established with full representation from the regional bureaux. This group is responsible for ensuring a fully matrixed approach to the challenges of promoting partnerships and is empowered to take the necessary decisions to move the agenda forward.

13. Some of the key achievements in the partnership area include:

(a) UNDP has continued to focus on the importance of strengthening and working with the United Nations Development Group (UNDG) to promote coherent United Nations approaches to development challenges;

(b) Dialogues with a significant number of United Nations organizations have been initiated to strengthen specific partnerships around the goals laid out in the Business Plans. The upstream focus of UNDP provides important opportunities to re-examine and strengthen key partnerships in areas where UNDP seeks to

network in order to ensure access to the best knowledge available. Extensive dialogues have taken place, for example, with the Department of Economic and Social Affairs (DESA), the International Labour Organization (ILO), the International Telecommunication Union (ITU), the United Nations Joint Programme on HIV/AIDS (UNAIDS), the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO);

(c) UNDP has taken a highly active position with regard to a number of key United Nations initiatives. In particular, staff have been seconded to both the Financing for Development Coordinating Secretariat and the Least Developed Countries Conference;

(d) Extensive dialogue has taken place with the Bretton Woods institutions, and with the World Bank in particular, to promote and support operational partnerships that promote coherence at the country level. Significant progress has been made in areas relating to institutional and policy reform, poverty reduction strategy papers (PRSPs) and information technology for development;

(e) The first UNDP Civil Society Organizations Committee has been established and has had its first meeting. Following this, a number of important initiatives have been launched to promote the strong commitment of UNDP to a strengthened partnership with civil society;

(f) UNDP is seeking new opportunities to promote partnerships with the private sector. The Administrator has launched an initiative to take the Secretary-General's global compact to the local level and to promote dialogue among governments, civil society and the private sector at the national level;

(g) Significant progress has been made in linking much more directly the work of headquarters and the field: a major net-enabled support package was launched in July and communities of best practices have been set up to facilitate and promote substantive exchange among country offices on relevant issues regarding partnerships and resource mobilization;

(h) A partnership survey has been designed and is ready to be implemented. This will be an important instrument to assess the perception of the principal partners of UNDP concerning the performance of the organization;

(i) Starting in 2001, budgetary incentives made possible through extrabudgetary support will be provided to promote key strategic partnerships at the country level;

(j) A new Partnerships web site will be launched in 2001 and will reflect the progress made to date.

C. People

14. People are key to the successful renewal and reform of UNDP. In the course of 2000, several corporate human resource initiatives were implemented with the aim of aligning and empowering staff to achieve goals and to create conditions to attract, develop and motivate talented people to excel.

15. In just one year, despite — or perhaps because of — the rapid changes in the UNDP work environment, there has been an upward shift in staff attitudes, as

reported by the 2000 Global Staff Survey. Staff are more optimistic that change initiatives will improve the overall performance of UNDP. They have greater trust that top management will follow through on commitments made and perceive that senior management more generally encourages open and honest communication. They have greater awareness about what is going on in UNDP and are more satisfied with the information they receive. More staff find that UNDP goals are clearly defined. They are also more positive about their working relationship with their supervisors. They feel more empowered and believe that they can act with increased authority and have a greater sense of responsibility. Overall, staff morale has remained positive, with the highest ratings in country offices. As we move ahead in 2001 to re-profile our country offices and continue the downsizing of headquarters, the challenge will be to retain this high level of commitment of staff and remain sensitive to their concerns.

16. Key achievements in 2000 are described below.

Streamlined performance appraisal and strengthening management competencies

17. A new performance appraisal review system was introduced a year ahead of schedule. The system emphasizes core competencies, is results-based rather than activity-based, fosters a change management culture and promotes teamwork, networking and information technology proficiency.

18. To improve management performance, a 360-degree feedback system has been successfully piloted and approved for organization-wide roll-out in 2000 and 2001. An assessment programme for sitting resident representatives modelled after the one successfully implemented for first-time resident representatives is also being prepared. Over the next year, a total of 55 resident representatives will participate in the programme.

Renewal of the UNDP work force

19. During the year, UNDP has implemented two phases of voluntary separation programmes aimed at aligning the staff profile with the requirements of the Business Plans. The total number of staff separated under these programmes was 242, with the following composition: international professional staff — 40; locally recruited staff in headquarters — 55; and national staff in country offices — 147. The total budgeted cost for these separations is \$13.9 million. The departure of staff has made it possible for UNDP to recruit 38 new professional staff in 2000, a record number in recent history.

20. The Leadership Development Programme, LEAD, has been established to build a new cadre of future leaders in UNDP. It builds on best practices and lessons learned from past career programmes geared to the entry level while taking into account the current needs of the organization. LEAD will take participants through a developmentally designed performance cycle of growth, assessment and feedback, supported by training, special assignments, performance reviews, 360 degree feedback and mentoring. There is a built-in "up-or-out" approach. Vigorous competency assessments will determine those who can grow and move up into more senior positions as career staff, and, likewise, to identify those for whom it might be better to pursue other opportunities. In line with the current UNDP business strategy, the programme will develop professionals for various positions in both

management and policy streams. In total, 40 new recruits will be hired over the next two years, 20 of whom will start in early 2001.

21. The Virtual Development Academy (VDA), a web-assisted learning and certification programme, was formally launched during the year with the first module on human rights. Other modules in the preparation stage include those on poverty alleviation and sustainable development. Also introduced was the Electronic Platform for Learning, which enables staff throughout UNDP to enhance their competencies at their own pace and in accordance with their own time schedule. While it has not been possible to increase core budget allocations for learning in 2000, some redeployment for country-office based training is planned for 2001. The Business Plan goal of significantly increasing the budget for learning will have to be pursued in the context of the budget for the biennium 2002-2003.

D. Performance

22. A commitment to performance and measuring results is an integral part of the UNDP programme for reform and renewal. During the year, UNDP has made major strides to introduce a results-oriented management culture, in which performance is systematically measured and improved and resources are strategically managed and put to the best possible use at the country level.

Corporate planning and results-based management

23. A new integrated, results-based corporate planning and performance management system has been established. It comprises an annual corporate plan; headquarters units plan; country office plans and individual performance plans. Integrated into the annual budget allocation process, the planning process ensures that the allocation of financial and human resources are tightly aligned with the corporate strategy set out in the Administrator's Business Plans.

24. The targeted results of the planning process are reflected in the balanced scorecard system, which consists of a set of 20 indicators. The balanced scorecard for UNDP will make it possible to assess, at a glance, how the entire organization is progressing with regard to its transformation agenda in the five performance dimensions: policy, partnerships, people, performance and resources.

25. In 2000, UNDP further developed its methodology and tools for results-based management with the presentation of the first ROAR to the Executive Board at its annual session 2000. The SURFs and the ROAR were further refined in 2000, on the basis of the experience gained from the first round of implementation. The revised tools for RBM were rolled out to the country offices in 14 regional workshops in all regions, with the help of resource persons from headquarters and the field. Overall, some 360 staff were trained in the RBM methodology and tools. With this, UNDP is well under way to establishing a results-based culture throughout the organization in line with the Business Plans.

Improving country-office performance

26. UNDP performance is measured at the country level through the interaction between the country office and the main client, the programme country government, and other partners in the development community. Messages about uneven

performance at the country level have been heard in different forums, including the Ministerial Meeting.

27. In early 2000, a number of country offices were identified as pilots for improvement in performance or for taking advantage of specific development opportunities. Detailed actions plans are being implemented. Later in the year, a group of resident representatives assembled to develop options for the realignment of country-office profiles and capacities with the emerging role of UNDP.

28. Based on this, and since then, a package of support, known as New Horizons, has been developed to help all country offices to meet the goals of the Business Plans. This brings together various strategic initiatives currently under way or planned for 2001 to support the transformation process. New Horizons has assembled these initiatives in a coherent performance framework, identified clear deliverables relevant to country offices, and identified funding to cover critical resource gaps. From a country office perspective, the package should answer two questions: (a) how to go about programme and staff re-profiling and (b) what corporate support is available when and in what form.

E. Resources

Financial resources

29. The resources situation in relation to the multi-year funding framework (MYFF) is dealt with in detail in document DP/2001/CRP.3. Specifically in relation to the funding of transformation initiatives under the Business Plans, UNDP has been able to mobilize \$8 million of the total of \$13 million sought from donors, with commitments of funding from the Governments of Canada, Finland, Norway, Sweden, Switzerland and the United Kingdom. In addition, three donors — Finland, the Netherlands and Sweden — gave additional contributions to regular resources for 2000, in recognition of the reform process. With regard to the redeployment of budget savings for transformational projects, only a small amount of the planned \$12 million could be allocated in 2000 owing to the tight resource situation. However, firm plans have been made to reinvest savings for the re-profiling of country offices that meet this full obligation in 2001.

Headquarters staffing

30. One of the most important and complex initiatives undertaken during the year concerned the reduction of staff at headquarters. The exercise included a comprehensive, unit-by-unit functional review, to rationalize and streamline headquarters activities along the two main functions of corporate oversight and country office support. One of the key outputs of the functional review concerns a detailed (month-by-month) implementation plan aimed at reducing the number of headquarters staff by 298 staff (26 per cent). In addition to relocating 171 staff out of headquarters, the plan also includes a net reduction of 127. This requires a significant re-engineering effort and additional investments in information technology. The process is well under way, but may in some cases require greater funding and time than is currently available.

31. The main focus of the functional review concerned a redefinition of functions and jobs. During the year, almost all headquarters units were involved in efforts

relating to restructuring, revising functions and defining collaborative arrangements between the operational units on the one hand and the service providers on the other, in line with the vision of moving towards a matrix-based organizational model for headquarters. In many cases, the restructuring also encompassed a realignment of staff with the newly defined functions. This was accomplished through a series of job fairs and panel interviews. The entire process involved a redefinition of the terms of reference for over 50 units, revising almost 200 job descriptions and over 150 staff involved in various selection processes.

32. The reduction in headquarters staffing has required solid commitment from senior management to make hard decisions and choices affecting staff at all levels. The process has benefited from the support and active cooperation of staff. While the process has been intense, time-consuming and testing on staff morale, the results so far have been very encouraging. Nine months into the implementation, headquarters staffing levels were 111 staff or 10 per cent below those of December 1999, which is exactly on target.

III. Priorities for 2001

33. The four-year effort of implementing the Business Plans began strongly in 2000 and is now well under way. Continued success will be contingent on the ability to deal with a number of challenges, including improving the core and non-core resource base of UNDP and, related to this, developing a sustainable budget strategy for 2002-2003. The key priority of improving country office performance, covering results orientation and substantive focus as well as strengthened partnerships at the field level will require significant financial and staff resources to assist country offices in their transformation efforts. In 2001, the policy advisory network and the related set of services that can support country offices in meeting the priorities of country programmes effectively should be put in place. The steps taken to renew the work force will continue with additional efforts to bring in new staff and develop or separate staff who do not meet the competency requirements of the new UNDP. The review and re-engineering of corporate business processes will require significant investments, particularly in order to take advantage of the opportunities for simplification provided by new advances in information technology using web-based systems.

Annex

Results achieved and next steps: Summary of implementation of Business Plans

I. Policy

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
UNDP as a stronger global advocate for human development	• Restructuring of BDP to focus on applied policy advice • Appointment of Senior Adviser on Human Development • Establishment of National Human Development Report Unit at headquarters	• Establishment of two regional national human development report centres
Substantive capacity aligned with concentrated areas of demand	• ROAR analysis completed • Identification of areas of needed expertise • Job fairs conducted • Matrix arrangements between BDP and regional bureaux established	• New global and regional programmes in 2001 with upstream policy focus
Capacity highly networked and field based	• Transformation of BDP into a service-oriented, decentralized unit started	• Recruitment and placement of policy experts in the field • Completion of SURF coverage • Expansion of knowledge networks and linkages with other networks
Clearly defined capacity and improved effectiveness in special development situations	• Strategy on UNDP role in crisis post-conflict situations (CPC) prepared for approval by Executive Board • Training conducted for 130 staff in CPC countries	• Approval of UNDP role in the CPC sphere by Executive Board • Development of rapid responsive system, covering staff deployment, resource mobilization, etc.

II. Partnerships

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Key partnerships identified and developed	• Creation of a new bureau (BRSP) and introduction of matrix management on partnership issues • Partnerships forged by UNDP within the United Nations system in support of United Nations conferences and initiatives • Established mechanisms for consultations and cooperation with the Bretton Woods institutions • Initiatives launched to strengthen UNDP partnership with regional development banks • Division for Business Partnership created in BRSP; strategy for partnership with the private sector formulated • Creation of a civil society organization (CSO) committee; successful first meeting	• Passing of formal cooperation agreements with strategic partners with joint monitoring of their results at the country level • Active UNDP contribution to forthcoming United Nations events and their follow-up, through partnerships with the United Nations system • UNDP initiatives to support the Secretary-General global compact, and take it to the local level
Role of strategic partnerships in contributing to development outcomes at the country level systematically ensured	• Increased number of initiatives at the country level to forge partnerships • Improved cooperation with key partners at the country level on key issues such as poverty reduction strategies, governance and information technology • Increased emphasis on partnerships in the revised SURF/ROAR	• Expand the list of countries where UNDP monitors its cooperation with key partners • Analysis of report on partnership in the ROAR • Roll out of the partnership survey • Launch new Partnership web site (under way)

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
	• Launching of partnership surveys to better assess partners' perception of UNDP role and performance • Improved dissemination of information on partnerships through web site and networks	
Clear success of partnerships in increasing resources for programme countries	• Successful Ministerial Meeting (11 September 2000) • Development of initiative for non-core resources	• Formulation and implementation of non-core initiatives in programme countries

III. People

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Staff aligned with evolving organizational needs	• Headquarters-wide functional review leading to redefinition of functions and posts • Job fairs to match qualified staff with redefined posts conducted • Competency assessment of new resident representatives • 360-degree feedback programme launched • Results and competency assessment (RCA) introduced as replacement for performance appraisal review system • New voluntary separation programme introduced • Leadership Development Programme introduced	• Competency assessment of sitting resident representatives • Development of competency sets for deputy resident representatives and assistant resident representatives and assessment of staff in these positions • UNDP-wide application of 360-degree feedback programme • Next phase of Management Development Programme • Functional reviews carried out in country offices resulting in redefinition of functions and re-engineering

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Strengthened human resource management capacity to attract, develop and retain talent	• Re-engineering of human resource administration • Establishment of career counselling unit • Strategic workforce-planning function established	• New policy on internal justice system
Improved empowerment of staff for personal development and performance	• Formal launch of the Virtual Development Academy • Introduction of the electronic platform for learning	• Development of complete VDA programme

IV. Performance

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Effective leadership, oversight and decision-making supported by an ability to measure performance	• Establishment of Executive Team • Development of new planning and performance measurement instruments (ROAR, RCA, Balanced Scorecard, Annual Corporate Plan, headquarters and country office management plans) • Results-based Budget allocations • Redefinition of headquarters regional bureaux with focus on oversight • Establishment of corporate oversight committee • Staff, headquarters services and partnership surveys • Action plans for performance improvement of 17 country offices	• Operationalization of Balanced Scorecard • New Horizons package for re-profiling of country offices

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Efficiency gains in headquarters and country operations	• Bureau of Management established to bring together corporate planning and financial, human and information technology resource services • Selected human resources, finance and travel processes simplified • Feasibility study for pooling of operational capacities in Caribbean completed • Review of country office accounting systems completed	• New information technology strategy • Further re-engineering of work processes
A new culture of networking within UNDP, including horizontally among country offices and between UNDP and external partners		• High-speed Internet-based global network covering all country offices
A clear understanding of UNDP goals among stakeholders and the results produced	• Ministerial Meeting • Formulation of Business Plans and development of Balanced Scorecard • Revision of SURF	

V. Resources

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
MYFF targets achieved	• 2000 voluntary contributions \$663 million against MYFF target of \$800 million (83 per cent)	• Understanding with the Board on future action
Increased share of reduced biennial budget expenditures incurred outside headquarters and for substantive support	• Headquarters staff reduced by 111 as of September 2000	• Completion of headquarters staff reduction • Preparation of 2002-2003 budget

<i>Expected outcomes</i>	<i>Initiatives and results achieved</i>	<i>Next steps</i>
Increased compliance with government contributions to local office costs (GLOC) and strengthened cost-recovery	• 10 per cent increase in GLOC compliance over 1999 • Cost-recovery schemes implemented in a number of countries	
Business Plans financed	• \$8 million received in donor support • \$2 million allocated from internal savings	• Additional fund-raising to meet total target of \$25 million